

PROPERTY TAX
Senate Omnibus Tax Bill
Articles 4-7, 13-14

May 9, 2018

Property Taxes and Local Aids Only --
See Separate Analysis for State Taxes

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue

Analysis of H.F. 4385, 2nd Unofficial Engrossment, Articles 4-7, 13-14 (Senate Omnibus Tax Bill)

Fund Impact

<u>F.Y. 2018</u>	<u>F.Y. 2019</u>	<u>F.Y. 2020</u>	<u>F.Y. 2021</u>
(000's)			

Article 4: Property Tax

Watershed District Levy Authority Modified	\$0	\$0	\$0	\$0
Historical Society Expenditures for Cities/Towns	\$0	\$0	\$0	\$0
Exclusion for Veterans with a Disability Modified				
PTR Interaction – Due Date Change	\$0	\$0	\$600	negligible
PTR Interaction – Transfer Allowed	\$0	\$0	\$60	\$70
Exemption for Pharmacy Owned by Indian Tribe	\$0	\$0	(negligible)	(negligible)
Wind Energy Production Tax Modified	\$0	\$0	\$0	\$0
Property Tax Refund for Manufactured Home Cooperatives	\$0	\$0	(\$180)	(\$180)
Retreat Homes/Craft Houses Classification	\$0	\$0	(negligible)	(negligible)
Certain Pipelines Exempted from State Levy				
State General Levy	\$0	\$0	(negligible)	(\$10)
Income Tax Interaction	\$0	\$0	\$0	negligible
Fire Protection Special Taxing Districts Established	\$0	\$0	\$0	\$0
Ag Preserves Termination for Parks or Trails	\$0	\$0	\$0	\$0
Housing and Redevelopment Levy Authority Extended	\$0	\$0	\$0	\$0
Cloquet Are Fire and Ambulance Taxing District Modified	\$0	\$0	\$0	\$0
SFIA Trail Clarification	\$0	\$0	\$0	\$0

Pipeline Valuation Study	\$0	\$0	\$0	\$0
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Article 5: Public Finance

Drainage Lien Interest Rates Modified	\$0	\$0	\$0	\$0
Bond Allocation Act Modified	\$0	\$0	\$0	\$0

Article 6: Miscellaneous

Mining Occupation Tax Refund Established	\$0	(\$2,200)	(\$1,900)	(\$1,800)
Taconite Economic Development Fund Modified	\$0	\$0	\$0	\$0
School Consolidation Account Inflation Capture	\$0	\$0	\$0	\$0
Melrose Fire Remediation Grants Modified	\$0	\$0	\$0	\$0
One-Time Transfer of Taconite Funds	\$0	\$0	\$0	\$0

Article 7, 13-14: Department Policy and Technical Provisions

Policy and Technical Provisions	\$0	\$0	\$0	\$0
General Fund Total	\$0	(\$2,200)	(\$1,420)	(\$1,920)

Various Effective Dates

***Non-General Fund Impacts**

Taconite Environmental Protection Fund

Modify Pellet Chips and Fines TEDF Credit	\$0	\$0	\$413	\$419
School Consolidation Account Inflation Capture	\$0	\$0	(\$2,450)	(\$2,450)

Taconite Economic Development Fund

Modify Pellet Chips and Fines TEDF Credit	\$0	\$0	(\$413)	(\$419)
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School consolidation and cooperatively operated school account

School Consolidation Account Inflation Capture	\$0	\$0	\$2,450	\$2,450
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Taconite Property Tax Relief Account

One-Time Transfer to IRRR Account	\$0	(\$3,211)	\$0	\$0
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Iron Range Resources and Rehabilitation Account

One-Time Transfer from TPTR Account	\$0	\$3,211	\$0	\$0
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REVENUE ANALYSIS DETAIL

Article 4: Property Tax

Watershed District Levy Authority Modified (Section 1)

The effective date is beginning with taxes payable 2019.

Under current law watershed districts may levy for their organizational expense funds, general funds, bond funds, construction or implementation funds, repair and maintenance funds, survey and data acquisition funds, and projects related to clean water partnerships.

This bill would expand which projects watershed districts could levy for. Projects would no longer be limited to clean water partnerships but could instead levy for any project with money appropriated by law for grants or loans to the district.

- It is assumed that any additional money levied as a result of the bill would be shifted away from a different watershed district fund, and there would be no impact to the state general fund.
- If the bill led to an increase in the total amount watershed district levies, property taxes would increase for some taxpayers. Higher property taxes would result in higher homeowner property tax refunds and income tax deductions, increasing costs to the state general fund.

Historical Society Expenditures Authorized for Cities and Towns (Section 2)

The effective date is the day following final enactment.

Under current law, cities and towns may levy up to 0.02418 percent of their estimated market value (EMV) for their respective county historical societies. The bill would allow cities and towns to appropriate that money for not just their county historical societies, but also their own city/town historical societies. Historical societies must be affiliated with the Minnesota Historical Society.

- This bill would have no impact on the state general fund. It is assumed that any additional money levied as a result of the bill would be shifted away from other levies.

Exclusion for Veterans with a Disability Modified (Sections 3, 7, 9)

The effective date for sections 3 and 7 is the day following final enactment.

The effective date for section 9 is beginning with assessments in 2018, for taxes payable in 2019.

Sections 3 and 7:

The bill would allow the county veterans service officer and the assessor to exchange data needed for determining a person's eligibility for the exclusion.

Section 9:

Under current law:

1. The homestead of a veteran with a disability becomes eligible for a valuation exclusion in the current assessment year if the application is received by July 1. For applications received after July 1, the exclusion becomes effective for the following assessment year; and
2. When a veteran who had a 100 percent and permanent disability dies, the surviving spouse is allowed to receive the exclusion for the year in which the veteran died and for eight

additional taxes payable years, provided that the surviving spouse holds legal or beneficial title to the homestead and resides there; however, a surviving spouse no longer qualifies for the exclusion if the spouse remarries, ceases to use the property as a permanent residence, or sells, transfers, or otherwise disposes of the property.

Under the bill:

1. The due date for applications would be changed to December 15, and all approved applications filed by December 15 would receive the exclusion for the current assessment year; and
2. The general requirements for surviving spouses regarding remarriage, ownership, and residency would remain; however, a surviving spouse would be allowed a once-per-lifetime transfer of the exclusion to a different property, provided that on the date of sale of the original property, the estimated market value of the new property is less than or equal to the estimated market value of the property that originally received the exclusion. The total number of years that a surviving spouse is allowed to receive the exclusion would still be limited to eight taxes payable years.

Application due date changed to December 15:

- The bill would allow veterans or surviving spouses who move after July 1 to reapply for the exclusion in the same assessment year as the move occurred.
- In addition, the later application date would allow newly eligible veterans to apply after July 1 of the current year and receive the exclusion for the current assessment year, rather than the following assessment year (as under current law).
- Changing the application deadline for the exclusion creates a shift in net state savings due to property tax refund interactions.
 - The main impact occurs in the initial fiscal year. A portion of the state-paid property tax refund that under current law is saved in one fiscal year would now be shifted into the previous fiscal year.
 - The impact of the shift in subsequent years is the difference between forecasted refund savings under current law and the effect of shifting those amounts into the previous fiscal year.
 - The first year the state general fund would be impacted under the bill would be for applications filed in 2018 for taxes payable in 2019 (state-paid property tax refunds in fiscal year 2020).
- It is assumed that approximately 2,000 applications would be received in calendar year 2018, and that about half of the applications would be filed between July 2 and December 15.
 - Approximately 14,800 parcels received the exclusion for taxes payable in 2017, while approximately 15,400 parcels received the exclusion for taxes payable in 2018. This is a net increase of about 600 parcels. However, from taxes payable 2017 to taxes payable 2018, more than 1,400 parcels ceased receiving the exclusion, while more than 2,000 parcels began receiving the exclusion.
- Beginning with taxes payable in 2019, the later application deadline would result in a net savings to the state due to a reduction in property tax refunds paid to veteran homesteads. The average savings per homestead (with either a 70% or a 100% disability rating) is an estimated \$560, assumed to grow annually at a 3% rate.

- At the same time, the bill would shift an estimated \$2 million in property tax (for taxes payable in 2019) onto all other property types, including other homesteads. This would increase homeowner property tax refunds. The overall property tax refund savings to the state is net of these costs.
- Under the bill, an estimated \$600,000 of property tax refund savings currently projected for fiscal year 2021 would shift into fiscal year 2020.
- For subsequent years (beginning in fiscal year 2021) the net impact on the state general fund is estimated to be less than \$5,000.

Surviving spouse one-time transfer of exclusion to a different property:

- It is estimated that 5% of surviving spouse homeowners move each year.
- For surviving spouses that moved prior to calendar year 2018, a participation rate of 25% is assumed.
- For surviving spouses moving in calendar year 2018 or later, a participation rate of 50% is assumed.
- It is estimated that approximately 100 surviving spouses would benefit from the bill in taxes payable 2019.
- Beginning with taxes payable in 2019, the transfer of the exclusion would result in a net savings to the state due to a reduction in property tax refunds paid to veteran homesteads. The average savings per homestead with a 100% disability rating is an estimated \$570, assumed to grow annually at a 3% rate.
- At the same time, the bill would shift an estimated \$210,000 in property tax (for taxes payable in 2019) onto all other properties, including other homesteads. This would increase homeowner property tax refunds. The overall property tax refund savings to the state is net of these costs.
- Under the bill, an estimated \$60,000 in property tax refund amounts would be saved by the state in fiscal year 2020.
- Tax year impacts are allocated to the following fiscal year.

Property Tax Exemption for Pharmacy Owned by Indian Tribe (Section 4)

The effective date is beginning with taxes payable in 2019.

The bill would exempt property that is located in a first class city with a population of more than 380,000, owned by a federally recognized Indian tribe, and used exclusively as a pharmacy.

Property qualifying for the exemption would be limited to parcels and structures that do not exceed a total of 4,000 square feet. The exemption would expire with taxes payable in 2028.

- The Fond Du Lac Band's Mashkiki Waakaaigan Pharmacy in Minneapolis would be eligible for the property tax exemption.
- For taxes payable in 2019 and thereafter, a property tax exemption would reduce the amount of taxable market value, shifting property taxes away from the exempted pharmacy property and onto all other property, including homesteads.
- The additional property tax burden on homesteads caused by the exemption would increase state-paid homeowner refunds by less than \$5,000 beginning in fiscal year 2020.
- The exemption from the state property tax levy would have no impact on state revenues in payable year 2019 and thereafter because the tax rates would be adjusted to yield the amount

of revenue required by statute. The tax reduction for the pharmacy would be shifted onto the other commercial and industrial properties subject to the state levy.

Wind Energy Production Tax Criteria Modified (Section 5)

The effective date is the day following final enactment.

Under current law, the wind energy production tax has a tiered rate system based on the total combined nameplate capacity of the wind energy conversion systems (WECS) of the system. WECS with larger nameplate capacity pay a higher tax rate than smaller WECS. For purposes of this tax, the nameplate capacities of wind energy conversion systems that are under common ownership will be combined if the systems are located within 5 miles of each other and were constructed in the same calendar year. Common ownership exists when the same (or similar) persons or entities own two or more systems, even if the ownership shares are different for each system. Common ownership does not exist solely because the same person or entity provided equity financing. In the case of a dispute, the commissioner of commerce makes the determination of the total size of the system by drawing reasonable inferences in favor of combining the systems.

The bill narrows the criteria for combining the nameplate capacities of multiple WECS in the case of a dispute over the total size of the system. The bill removes the requirement that the commissioner of commerce draw inferences in favor of combining systems. It also requires that, in order for WECS to be combined due to a dispute, the ownership structure of WECS must be the same, instead of only requiring similar ownership structure under current law.

- The bill would have no impact on the state general fund.
- In taxes payable year 2018, \$12.7 million of wind energy production tax was collected statewide. The production tax for taxes payable 2018, by scale of WECS, is as follows:

Scale of WECS	Nameplate Capacity	Tax per Megawatt Hour	Number of Towers	Production Tax
Large Scale	Over 12 megawatts	\$1.20	2,183	\$12,546,144
Medium Scale	2 to 12 megawatts	\$0.36	127	\$136,676
Small Scale	Less than 2 megawatts	\$0.12	79	\$25,342

- The bill narrows the criteria for combining the nameplate capacities of multiple WECS. It is assumed that more WECS nameplate capacities' would be reduced in the case of disputes than under current law. This would cause a decrease in local wind energy production tax revenues due to those systems being taxed at a lower rate.
- The number of systems that would be taxed at a lower rate because of the bill is unknown. If ten percent of the large scale wind energy production is reduced to small scale due to disputes over nameplate capacity, the production tax would be reduced by \$1.1 million statewide.

Property Tax Refund for Manufactured Home Cooperatives (Sections 6, 13)

The effective date is beginning with claims for taxes payable in 2019.

Under current law, residents living in a manufactured home park cooperative are provided homestead treatment if the cooperative is wholly owned by residents of the park and paying property taxes. The residents may claim a property tax refund for the property taxes paid on their manufactured home structure, but any property taxes attributable to the rent paid to lease their land in the park may not be included.

The bill would allow manufactured home park cooperative residents to include 17% of the rent paid for their site rental in the determination of property taxes payable for claiming a property tax refund.

- According to the Northcountry Cooperative Foundation there are seven resident-owned manufactured home park cooperatives in Minnesota. These cooperative parks include over 500 units located in the cities of Cannon Falls, Clarks Grove, Fairmont, Fridley, Lindstrom, Madelia and Moorhead.
- For many manufactured homes, the property taxes attributable to rent paid for land is many times greater than the property taxes due on the structure itself.
- Under the bill, allowing 17% of rent paid for the land site to be included as property taxes payable would increase the amount of property tax eligible for the state-paid refund and the number of taxpayers eligible for a refund.
- It is assumed that 125 residents would receive an average property tax refund increase of \$600 beginning in fiscal year 2020. An additional 275 residents are projected to become eligible and receive an average refund of \$400.

Classification of Retreat Homes and Craft Houses (Section 8)

The effective date is beginning with taxes payable in 2019.

Under current law, a number of requirements must be met in order to qualify for seasonal residential recreational commercial (resort) classification. Some of these requirements include, but are not limited to: being devoted to temporary and seasonal residential occupancy for recreation purposes for less than 250 days a year, containing three or more rental units, providing activities, and having 40% of annual gross lodging receipts come from business conducted during 90 consecutive days.

The bill would expand these qualifications to allow retreat homes and craft houses to qualify for resort classification. In order to qualify as a resort, the facility cannot have more than five sleeping rooms, must provide an area to prepare meals, and must provide an area to conduct indoor craft or hobby activities.

- Under this bill, some properties that are currently classified as commercial would be reclassified as resort property. These properties would have their classification rate decreased from 1.50% for the first \$150,000 of value and 2.00% for remaining value to a classification rate of 1.25%.
- It is assumed that some scrapbook and craft retreats, bed and breakfasts that don't meet the owner occupancy requirement for property tax purposes, and vacation home rentals would be reclassified under the bill and receive a reduced classification rate.
- The bill would cause a shift in property taxes away from properties newly qualifying as resorts and onto all other properties, including homesteads.

- As a result of property taxes shifting onto homesteads, property tax refunds paid by the state would increase by less than \$5,000 beginning in fiscal year 2020.
- Some properties that change classification under the bill would either no longer pay state general property tax or would pay less state general property tax. This would shift state general tax onto other commercial-industrial properties.

Certain Pipelines Exempted from the State Levy (Sections 10-11)

The effective date is beginning with taxes payable in 2020.

Under current law, the state general levy for commercial-industrial property is \$784,590,000 and is paid for by specified commercial-industrial property, except the first \$100,000 of market value.

The bill would exempt personal property that is part of an intrastate natural gas transportation or distribution pipeline system from state general property tax if it meets certain qualifications. These qualifications include: construction began after January 1, 2018, the property is located outside the metropolitan area, and the property is located in an area in which households or businesses lacked access to natural gas distribution before January 1, 2018. The exemption could not apply for more than 12 years. The state levy amount for commercial-industrial property would be reduced each year by the amount that would be paid by this property.

- As of assessment year 2018, there are no properties that would qualify for the state levy exemption under the bill. However, properties that are a part of a gas pipeline project would be exempt once construction begins in a qualifying area.
- It is assumed that one gas pipeline system will be partially constructed by assessment year 2019 for taxes payable in 2020. Because it is assumed the system will not be fully constructed by taxes payable 2020 (the effective date of this bill), there would be additional state general levy impacts outside the forecast window due to the property's increase in value as construction is completed.
- By reducing the state levy amount by the amount that would be paid by exempt properties, state revenues would be reduced by a negligible amount in fiscal year 2020 and \$10,000 in fiscal year 2020.
- Lower property taxes would reduce deductions on corporate and individual income tax returns, increasing state tax collections by less than \$5,000 beginning in fiscal year 2021.
- Additional gas pipeline system properties may receive the state general tax exemption in the future.

Fire Protection Special Taxing Districts Established (Sections 12, 14)

The effective date is the day following final enactment.

Under current law, legislative approval is required to create special fire protection service special taxing districts. The bill would allow for the creation of special taxing districts to provide fire protection services without legislative approval. Districts would have the authority to levy as well as the authority to incur debt. Levies would be limited to .096% of the district's estimated market value or \$1,100,000, whichever is less.

- The bill would not impact the state general fund. If this bill led to the creation of additional special taxing districts to provide fire protection and emergency medical services, it is

assumed the property tax levies used to fund these districts would be shifted from the general levies of the local jurisdictions.

Agricultural Preserves Termination Allowed for Parks or Trails (Sections 15-17)

The effective date is the day following final enactment.

Under current law, agricultural preserve status is allowed to expire no earlier than eight years after notice has been given by either the landowner or the local authority for planning and zoning.

Under the bill, agricultural preserve status would expire immediately if a state agency or other governmental unit purchases the property or obtains an easement over the property for the purpose of creating or expanding a public trail or park. However, agricultural preserve status would expire only on the portion of the property that is acquired for trail or park purposes.

The bill would apply only to agricultural preserve land in the seven-county metropolitan area.

- If a state agency or other governmental unit purchases the property, the property would become exempt and removing the land's status as an agricultural preserve would have no impact on property taxes.
- If a state agency or other governmental unit obtains an easement over a portion of the property, it is assumed that the property would receive the same valuation assessment as under current law, and that the property would continue to receive the same amount of agricultural preserve credit as under current law.
- It is assumed that there would be no impact on the state general fund.

Levy Authority Extended for Northwest Minnesota Multicounty Housing and Redevelopment (Section 18)

The effective date is beginning with taxes payable in 2019.

Under current law, the Northwest Minnesota Multicounty Housing and Redevelopment Authority (HRA) is a special taxing district operating in Kittson, Polk, Marshall, Pennington, Red Lake and Roseau counties. Levy amounts are limited to 0.0185 percent of the taxable market value within the district. The HRA authority to levy without approval by the governing bodies of the above counties and their cities is 25 percent of the total permitted amount. The 25 percent levy authority provision expires after taxes payable 2019.

The bill would authorize the Northwest Minnesota Multicounty House and Redevelopment Authority to levy 25 percent of the total permitted amount without the approval of counties and cities through taxes payable 2024.

- There would be no assumed state revenue impact. Increasing the special taxing district levy authority causes an equal reduction in its governing bodies levy authority, so the net change in levy authority is zero.

Cloquet Area Fire and Ambulance Taxing District Modified (Sections 19-23)

The effective date is after local compliance.

Under current law, is unclear if the Cloquet Area Fire and Ambulance Taxing District has authority to incur debt. The bill would allow the Cloquet Area Fire and Ambulance Special Taxing District to issue certificates of indebtedness or capital notes. Under the bill, the district would be allowed to use their levy to make debt service payments. The bill would not change the actual levy authority of the district.

- The bill would have no impact on the state general fund.

Clarification of SFIA for Paved Trails (Section 24)

The effective date is the day following final enactment.

Under current law, forest land enrolled in the Sustainable Forest Incentive Act (SFIA) program is generally prohibited from making improvements to the land, including residential structures and roads. Current law allows land to be improved with a paved trail under easement, lease, or terminable license to the state of Minnesota or a political subdivision beginning for applications made in 2018.

The bill would clarify the eligibility of land with a paved trail by modifying the effective date to include certifications made in 2018.

- The proposed clarification to the eligibility of forest land in SFIA would have no impact on the state general fund.

Pipeline Valuation Study Required (Section 25)

The effective date is July 1, 2018.

The proposed bill would require the Department of Revenue to study and report on the current methods of valuing pipeline and public utility property in Minnesota. The bill outlines seven content pieces the study must include. The study must be completed by February 15, 2019.

- The bill makes no appropriation for the study, so there is no cost to the general fund.

Article 5: Public Finance

Drainage Lien Principle Interest Rate Modification (Sections 1-2, 4)

The effective date is July 1, 2018.

Under current law, the interest rate charged on drainage lien principal may not exceed the interest rate set by the State Court Administrator for judgments and awards. Drainage liens are a type of local special assessment. This interest is part of what a property owner pays when a drainage lien applies to their property.

The bill would modify the maximum interest rate allowed for drainage liens on properties so that it may not exceed the rate set by the State Court Administrator, or six percent, whichever is greater. The bill also updates language referencing the United States Bankruptcy Code and the definition of "municipality" for the purpose of capital improvement bonds.

- There is no assumed impact to the state general fund due to the proposed change in the maximum interest rate allowed to be charged on drainage lien principal.

Bond Allocation Act Modified (Section 3)

The effective date is July 1, 2018.

Under current law, a public facilities project for purposes of the Minnesota Bond Allocation Act means any publicly owned facility, or a facility owned by a nonprofit organization that is used for district heating or cooling, that is eligible to be financed with public facilities bonds.

The bill would modify the ownership requirements to allow public or privately owned facilities used for district heating or cooling to qualify as a public facilities project.

- There is no assumed impact to the state general fund due to the proposed change in the definition of a public facilities project.

Article 6: Miscellaneous**Mining Occupation Tax Refund Established (Section 5)**

The effective date is beginning with distributions made in 2019 and thereafter.

The bill creates a refund for mining producers equal to the amount of occupation tax remaining in the state general fund after all statutory allocations have been paid. Each producer would receive a proportionate refund based on the amount of occupation tax paid. The total amount of refunds issued shall not exceed \$5 million in any year.

- Based on projected mining production and occupation tax revenues, the new refund is estimated to total \$2.2 million in fiscal year 2019, \$1.9 million in fiscal year 2020, and \$1.8 million in fiscal year 2021.

Taconite Economic Development Fund Modified (Sections 6, 8)

The effective date is retroactive to December 31, 2016.

Under current law, a credit of up to \$700,000 total for all producers is provided from the Taconite Economic Development fund. The bill would modify the chips/fines/concentrate credit by limiting the credit to only Minnesota taconite pellet producers. Any unused portion of the funds for the credit would be deposited into the Taconite Environmental Protection Fund.

- The changes to the local distribution of taconite production taxes would have no impact on the state general fund.
- Limiting the chips/fines/concentrate credit to Minnesota taconite pellet producers would reduce the amount of credit paid, and result in approximately \$400,000 of unused funds being distributed to the Taconite Environmental Protection Fund in fiscal year 2020 and fiscal year 2021.

Taconite Production Tax Inflation Capture To School Account (Sections 7)

The effective date is distribution year 2018 and thereafter.

Under current law, the Iron Range school consolidation and cooperatively operated school account received revenues in distribution years 2015 to 2017 equal to two-thirds of the amount of production tax generated from the annual inflation adjustment under 298.24 subdivision 1. This amount reduced the allocation to the Taconite Environmental Protection Fund (for distribution years 2015-2017).

The bill would make permanent the two-thirds inflation capture by the Iron Range school consolidation account beginning in distribution year 2018. The distribution would be based on the cumulative inflation for 2015, 2016, and 2017.

- The change to the local distribution of taconite production taxes would have no impact on the state general fund.
- The modification in the distribution would shift an additional \$2.5 million of taconite production tax revenues to the Iron Range school consolidation account beginning in distribution year 2018. These revenues would have otherwise gone to the IRRR Taconite Environmental Protection Fund.

Melrose Fire Remediation Grants Extension (Section 10)

The effective date is the day following final enactment

The 2017 tax bill appropriated \$1,392,258 from the state general fund to the city of Melrose and Stearns County in response to a 2016 fire. The appropriation for grants is available until June 30, 2018. This bill would extend that deadline by three years to June 30, 2021.

- The 2017 revenue estimate assumed the full state general fund cost of the appropriation in fiscal year 2018. Under the bill, the deadline extension may shift some authorized expenditures into fiscal year 2019, fiscal year 2020, or fiscal year 2021.

Taconite Funds One-Time Transfer (Section 12)

The effective date is for the 2018 distribution.

The bill would provide a one-time transfer in 2018 from the taconite property tax relief account balance to the Iron Range Resources and Rehabilitation account. The transfer amount would be equivalent to 10 cents per ton of any excess balance remaining after required distributions are made.

- The one-time transfer from the taconite property tax relief account would shift approximately \$3.2 million to the Iron Range Resources and Rehabilitation account in fiscal year 2019.
- The transfer would have no impact on the state general fund.

Articles 7, 13-14: Department Policy and Technical Provisions

The bill makes modifications to certain property tax provisions. Changes include requiring the commissioner of transportation certify the aid amount for the Small Cities Assistance program by June 1, specifying the process for the commissioner of revenue to make recommendations to the Board of Assessors for sanctions and how applicants or licensees can dispute these, and increasing the minimum value threshold for filing a Certificate of Real Estate Value.

The bill also makes a number of technical and clarifying changes to various property tax provisions. Changes include updating out-of-date references to abstracts for property tax data reporting, clarifying that a fractional agricultural homestead also receives a fractional agricultural market value credit amount, and updating language referencing persons who are blind or have a disability and married spouses.

- There is no impact to the state general fund from the changes.

Source: Minnesota Department of Revenue
Property Tax Division – Research Unit
[www.revenue.state.mn.us/research_stats/pages/
revenue-analyses.aspx](http://www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx)

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